

Message Text

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ACTION XMB-04

INFO OCT-01 AF-10 EUR-12 ISO-00 EB-07 L-03 CAB-02
CIAE-00 COME-00 DODE-00 DOTE-00 INR-07 NSAE-00
EPG-02 FAA-00 TRSE-00 MC-02 IGA-02 /052 W
-----061312Z 082670 /46

R 061230Z JUN 77
FM AMEMBASSY ANTANANARIVO
TO SECSTATE WASHDC 9301
INFO AMEMBASSY PARIS

C O N F I D E N T I A L ANTANANARIVO 1047

PARIS FOR AIR ATTACHE: PLEASE PASS SAMUEL V. SMITH

E.O. 11652:GDS
TAGS: DFIR, ETRD, BEXP, MA
SUBJECT: CIVAIR: SALE OF BOEING 747 TO DRM (DEMOCRATIC REPUBLIC OF
MADAGASCAR)

REFS: (A) ANTANANARIVO 0978, (B) STATE 129039

1. JOHN E. FITZGERALD AND PAUL SCHANZENBACH OF BOEING CALLED ON MY JUNE 3. THEY SAID THAT SALE OF A 747 TO AIR MADAGASCAR WAS AT AN ADVANCED STAGE BUT THAT A SNAG MAY OCCUR IN THE FINANCING. THE PROBLEM IS THAT THE EXIM BANK WILL "PROBABLY" INSIST NOT ONLY ON A MALAGASY GOVERNMENT GUARANTEE OF PAYMENT FOR THE AIR MADAGASCAR PURCHASE, BUT ALSO ON A NON-MALAGASY GUARANTEE OF THE MALAGASY GOVERNMENT GUARANTEE. THEY HAD JUST CONVEYED THIS INFORMATION TO THE DIRECTOR OF AIR MADAGASCAR AND THE GOVERNOR OF THE CENTRAL BANK. AIR MADAGASCAR DIRECTOR GAVE THE OPINION THAT SUCH AN ARRANGEMENT WOULD BE UNACCEPTABLE TO THE DRM. THE BANK GOVERNOR JUST TOOK NOTE BUT WAS OBVIOUSLY DISPLEASED BY THE NEWS.

2. AT ANY RATE, A MALAGASY DELEGATION IS EXPECTED TO LEAVE SHORTLY FOR DISCUSSIONS DIRECTLY WITH EXIM. IT
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WILL REPORTEDLY INCLUDE THE GOVERNOR OF THE BANK AND THE DIRECTOR GENERAL OF AIR MADAGASCAR. BOEING RECOMMENDED THAT DELEGATION ALSO INCLUDE AN AIR FRANCE REPRESENTATIVE, AS AIR FRANCE HAS COMMITTED ITSELF TO CHARTERING THE 747 FIFTY PERCENT OF THE TIME IF THE PURCHASE GOES THROUGH.

3. BOEING REPRESENTATIVES ASKED IF I HAD HEARD OF ANY

"MOVEMENT TOWARD THE WEST" BY MADAGASCAR. I SAID I HAD SEEN NO EVIDENCE OF THIS ALTHOUGH SOME OF MY DIPLOMATIC COLLEAGUES OCCASIONALLY CLAIMED THAT FOR PRAGMATIC REASONS THE PRESENT GOVERNMENT IS ABOUT TO SOFTEN ITS ANTI-WEST POSITION. BOEING REPRESENTATIVES HAD ALSO HEARD THAT MALAGASY GOVERNMENT WAS GOING TO MAKE A SERIOUS EFFORT TO ATTRACT TOURISM. WE AGREED THAT WHATEVER ITS PRESENT INTENTION, IF THE DRM BOUGHT A 747 IT WOULD BE STRONGLY MOTIVATED TO INCREASE TOURISM IN ORDER TO JUSTIFY THE PURCHASE.

4. IN FURTHER DISCUSSIONS OF EXIM'S DEMAND FOR GUARANTEES, WE CONCLUDED THAT A NON-MALAGASY GUARANTEE EXTENDED DIRECTLY TO AIR MADAGASCAR, RATHER THAN COVERING THE MALAGASY GOVERNMENT, MIGHT BE MORE ACCEPTABLE TO THE DRM. THEY INTENDED TO EXPLORE THIS POSSIBILITY WITH EXIM AND WITH AIR FRANCE WHICH THEY SEE AS THE MOST LIKELY NON-MALAGASY GUARANTOR OF THE PURCHASE.

5. REF B RECEIVED SINCE ABOVE DRAFTED. EMBASSY HAS NO OBJECTION TO EXIMBANK CONSIDERATION SUBJECT PC APPLICATION. ACCORDING TO BOEING'S PROJECTIONS, THE PLANNED USAGE OF THE 747 SHOULD BE PROFITABLE. BOEING STRESSED THAT IT HAD USED CONSERVATIVE ESTIMATES OF SUCH FACTORS AS TOURISM GROWTH IN MAKING ITS PROJECTIONS, AS THE COMPANY'S CREDIBILITY WAS TOO IMPORTANT TO JEOPARDIZE BY MAKING OVEROPTIMISTIC ESTIMATES FOR THE SAKE OF A SALE. BARRETT

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 06-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Errors: N/A
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